

ECONOMIC CONSIDERATIONS INFLUENCED CIA DEPUTY DIRECTOR'S DECISION TO RESIGN  
BY JOAN MOWER  
WASHINGTON

John N. McMahon's decision to resign as deputy director of the CIA was probably influenced by personal economic considerations, intelligence sources said Wednesday.

McMahon, 56, refused to accept telephone calls to discuss why he resigned after 34 years with the agency. In a letter to President Reagan, he cited "personal reasons" for his decision and merely said he had "reached a stage where I should move on."

Reagan named Robert M. Gates, 42, a career intelligence officer as McMahon's replacement.

A CIA official, who spoke on condition of anonymity, rejected any suggestion that McMahon was forced out because conservative groups were angry over his reported reservations about the CIA's covert support of rebels in Afghanistan.

The Federation for American-Afghan Action and Free the Eagle had mounted a campaign to oust McMahon on the grounds that he failed to lend enough support to anti-communist rebels in Afghanistan.

"This is a breakthrough," said federation head Andrew Eiva, who claimed McMahon held up supplies of more effective weapons, including anti-aircraft missiles, to the Afghan guerrillas.

Free the Eagle engineered a letter-writing campaign against McMahon which resulted in White House Chief of Staff Donald Regan receiving 10,000 pieces of mail, according to John Houston, the group's vice president.

But David Holliday, a spokesman for the Senate Intelligence Committee, said, "I am positive that he was not drummed out of the herd."

Holliday said McMahon was known to be concerned that the United States only throw its support behind those covert operations that could be "sustainable over time," but he did not know if McMahon resigned over an internal policy dispute.

John Greaney, the executive director of the Association of Former Intelligence Agents, said that within the agency, McMahon had spoken out on the need to maintain secrecy surrounding its covert operations.

In recent years, CIA covert operations in Afghanistan and Nicaragua have become widely known to the public.

Greaney speculated that economics may have played a major role in McMahon's decision to resign.

"It may be an economic thing," Greaney said, adding that many federal employees of retirement age are leaving because of a possible change in the pension law.

Continued

Under House-passed tax reform legislation, federal retirees would be forced to pay taxes on their pensions immediately after retiring, instead of having a grace period of at least 18 months.

A Reagan administration official, speaking on condition he not be identified, said McMahon was worried he might lose a substantial amount of his pension if he did not retire by a certain date.

McMahon was nominated by Reagan to be deputy director on April 26, 1982, after Adm. Bobby Inman resigned. By most accounts, McMahon won the respect of the House and Senate oversight committees during his tenure in the No. 2 post, while CIA Director William Casey had an up-and-down relationship with Congress.

Before the promotion, McMahon had held the agency's No. 3 post \_ executive director. During his life-long career at the agency, McMahon had helped run the U-2 spy plane program and later managed the agency's spy network.

In his letter to Reagan, McMahon offered praise for Casey, saying he was a "unique asset" bringing wisdom, energy and leadership to the agency.

Although Greaney said Casey and McMahon had "different personalities entirely," he was unaware of any personal clash that could have prompted McMahon's resignation.

Gates, the CIA's deputy director for intelligence and a specialist in Soviet and Eastern European affairs, has served two tours on the National Security Council staff as its intelligence chief.

He holds a doctoral degree from Georgetown University and has been associated with the CIA for 20 years, serving most of that time at the agency's headquarters in Langley, Va., just outside Washington.

Holliday said no date has been set for Gates' confirmation hearings before the intelligence committee.

## No. 2 CIA Man Quits Post; No Shake-up Seen

From a Times Staff Writer

WASHINGTON—President Reagan accepted "with regret" Tuesday the resignation of John N. McMahon, deputy director of the Central Intelligence Agency.

McMahon cited "personal reasons" for his departure. The 56-year-old McMahon, a long-time CIA employee, had served in the No. 2 position under agency Director William J. Casey since June, 1982.

A White House statement said that McMahon's successor would be Robert M. Gates, 42, a career employee who joined the CIA in 1966 as an intelligence analyst.

There was no indication that the resignation signaled a widespread shake-up in the CIA's highest ranks, although McMahon had clashed with Capitol Hill conservatives who considered him less than zealous in his support of aid to guerrilla fighters in Afghanistan and Nicaragua.

At one point during the Nicaraguan covert aid program, which Congress voted to abolish in 1984, McMahon quietly asked to be relieved of his responsibility for briefing intelligence committees. The gesture was interpreted as a reflection of his discomfort with the program and his feeling that he could no longer be an effective advocate.

An agency spokesman said that McMahon simply thought it time to move on, adding: "He's done everything that can be listed in an unclassified bio."

Gates, McMahon's designated successor, is known for his expertise in East-West relations and strategic arms control. He recently served as the CIA's national intelligence officer for the Soviet Union.